

ISSUE

Is an organization that operates a Christian Science health care facility qualified for exemption under section 501(c)(3) of the Internal Revenue Code?

FACTS

The organization, which otherwise qualifies for exemption under section 501(c)(3) of the Code, was formed for the purpose of providing health care, comfort, and maintenance to persons seeking health in a manner consistent with the teachings of the First Church of Christ, Scientist (Christian Science Church). The Church teaches that all forms of mental or physical illness and injury are merely symptoms of spiritual disorder, and that persons who are suffering from such illness or injury can be completely cured only by means of prayer and faith.

The organization's primary activity is the operation of a nonprofit health care facility for patients under the care of individuals who have been officially recognized by the board of directors of the Church as Christian Science practitioners. The organization follows a policy of strict compliance with state and local laws applicable to the licensing and operation of a Christian Science health care facility.

The organization's principal sources of income are contributions, fees paid by its patients, fees paid under medicare and medicaid programs, and fees paid by health insurers. The organization accepts patients who are unable to pay, as funds permit.

LAW

Section 501(c)(3) of the Code provides for the exemption from federal income tax of organizations organized and operated exclusively for charitable purposes.

Section 1.501(c)(3)-1(d)(2) of the Income Tax Regulations provides that the term 'charitable' is used in section 501(c)(3) of the Code in its generally accepted legal sense and is not to be construed as limited by the separate enumeration in section 501(c)(3) of other tax exempt purposes which may fall within the broad outlines of charity as developed by judicial decisions.

Rev. Rul. 55-261, 1955-1 C.B. 307, holds that payments to Christian Science practitioners for services rendered are deductible as expenses for medical care within the meaning of section 23(x) of the 1939 Code, which corresponds to section 213 of the 1954 Code.

In the general law of charity, the promotion of health has

traditionally been considered a charitable purpose. See Restatement (Second) of Trusts, 368, 372 (1959).

#### ANALYSIS AND HOLDING

By providing care under the circumstances described above, the organization is operating a health care facility that serves the charitable purpose of promoting health. Accordingly, the organization is operated exclusively for charitable purposes, and is exempt from Federal income tax under section 501(c)(3) of the Code.

#### APPLICATION INSTRUCTIONS

Even though an organization considers itself within the scope of this revenue ruling, it must file an application on Form 1023, Application for Recognition of Exemption, in order to be recognized by the Service as exempt under section 501(c)(3) of the Code. See sections 1.501(a)-1 and 1.508-1(a) of the regulations.

In accordance with the instructions to Form 1023, the application should be filed with the District Director of Internal Revenue for the key district indicated therein.

#### EFFECT ON OTHER REVENUE RULINGS

This Rev. Rul. more appropriately describes the activities of a Christian Science health care facility. Rev. Rul. 78-427, 1978-2 C.B. 176, is superseded.